

DEPARTMENT OF STATE

WASHINGTON

No. 1152

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Panama and has the honor to refer to earlier discussions between representatives of the two Governments regarding grants under the Foreign Assistance Act of 1961, as amended, or successor legislation, and the furnishing of defense articles, related training, and other services, including pursuant to the United States International Military Education and Training Program, from the United States of America to the Government of the Republic of Panama pursuant to the Foreign Assistance Act of 1961, or successor legislation. In this regard the Embassy refers to the Agreement concerning the furnishing of defense articles and services to Panama for the purpose of contributing to its internal security, effected by exchange of notes at Panama on March 26 and May 23, 1962, and the Agreement concerning payment to the United States of net proceeds from the sale of defense articles furnished on a grant basis, effected by

DIPLOMATIC NOTE

exchange of notes at Panama on May 20 and December 6, 1974, as amended.

In accordance with these discussions, it is proposed that the Government of the Republic of Panama agree:

A. That unless the consent of the Government of the United States of America has been first obtained the Government of the Republic of Panama shall not:

(I) Permit any use of such defense articles, related training, including training materials, or other defense services by anyone not an officer, employee or agent of the Government of the Republic of Panama;

(II) Transfer, or permit any officer, employee or agent of the Government of the Republic of Panama to transfer, such defense articles, related training, including training materials, or other defense services by gift, sale or otherwise; or

(III) Use, or permit the use of, such defense articles, related training, including training materials, or other defense services for purposes other than those for which provided;

B. That such defense articles, related training, including training materials, or other defense services shall be returned to the Government of the United States of America when they are no longer needed for the purposes for which they were furnished, unless the Government of the United States of America consents to another disposition;

C. That the net proceeds of sale received by the Government of the Republic of Panama in disposing of, with prior written consent of the Government of the United States of America, any defense article furnished by the Government of the United States of America on a grant basis, including scrap from any such defense article, shall be paid to the Government of the United States of America;

D. That the Government of the Republic of Panama shall maintain the security of such defense articles, related training, including training materials, and other defense

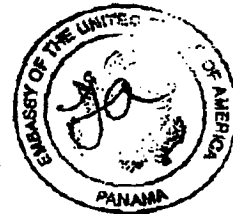
services; that it shall provide substantially the same degree of security protection afforded to such defense articles, related training, including training materials, or other defense services by the Government of the United States of America; that it shall, as the Government of the United States of America may require, permit continuous observation and review by, and furnish necessary information to, representatives of the Government of the United States of America with regard to the use thereof by the Government of the Republic of Panama; and

E. That the Government of the United States of America may also, from time to time, make the provision of articles and services furnished under other authority (except the United States Arms Export Control Act) subject to the terms and conditions of the agreement proposed herein. (Transfers under the United States Arms Export Control Act shall continue to be governed by the requirements of that Act and United States regulations applicable to such transfers.)

It is further proposed that this Agreement shall supersede the above-referenced 1962 and 1974 agreements. This Agreement shall apply to defense articles and defense services to which

the superseded 1962 and 1974 agreements had applied prior to entry into force of this Agreement.

The Ministry of Foreign Affairs' note stating that the foregoing is acceptable to the Government of the Republic of Panama shall, together with this note, constitute an agreement between the two Governments, which shall enter into force on the date of the Ministry's note.



Embassy of the United States of America

Panama, July 24, 2007



TRANSLATION

**Republic of Panama
Ministry of Foreign Affairs
Panama City 4, Panama**

No. DT/310

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to acknowledge receipt of its note verbale No. 1152 of July 24, 2007, which reads as follows:

[See U.S. Text.]

In this regard, the Ministry of Foreign Affairs has the honor to inform the Embassy of the United States of America that the above proposal is acceptable to the Government of the Republic of Panama and that the Embassy's note and this reply shall constitute an agreement between our two governments, which shall enter into force on the date of this note.

[Complimentary close]

[Initialed]

Panama City, August 23, 2007

[Ministry sta